Basis for calculation of subsidy on LPG

2732. SHRI RAM JETHMALANI:

SHRI LAJPAT RAI:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that with a view to providing subsidy to the consumers, the import price of LPG is treated to be basis for assessment of quantum thereof;

(b) if so, the details thereof; and

(c) the reasons for treating import price as basis instead of actual cost of production?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI SANTOSH GANGWAR): (a) to (c) With the dismantling of Administered Pricing Mechanism (APM) in the petroleum sector, the "cost plus" mechanism of compensating the oil companies has been done away with. Also, oil refining being a continuous process industry with multi product output, product wise cost of production is not worked out.

Since in a free market scenario, the oil companies would need to match the prices of an importer of the product at any given location, the methodology of import parity pricing has been adopted while working out the costings for computation of subsidy on domestic LPG.

Sale of equity by ONGC

†2733. SHRI KAPIL SIBAL:
SHRI RAM JETHMALANI:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that ONGC Videsh Ltd. has disposed off its equity in a number of foreign companies to Oil India Ltd. during the last three years;

† Original notice of the question was received in Hindi.